



MASENO UNIVERSITY
UNIVERSITY EXAMINATIONS 2013/2014

**FIRST YEAR SECOND SEMESTER EXAMINATIONS FOR THE
DEGREE OF BACHELOR OF SCIENCE (AGRONOMY, ANIMAL
SCIENCE AND HORTICULTURE) WITH INFORMATION
TECHNOLOGY**

(MAIN - CAMPUS)

AAB 105: FUNDAMENTALS OF BUSINESS LAW

Date: 23rd July 2014

Time: 2.30 - 4.30 pm

INSTRUCTIONS:

- Attempt QUESTION ONE (Compulsory) and any other TWO questions.

MASENO UNIVERSITY
SCHOOL OF AGRICULTURE & FOOD SECURITY
DEPT. OF AGRIBUSSINESS MANAGEMENT
AAB 105: FUNDAMENTALS OF BUSINESS LAW

Instructions:

Attempt Question ONE-(compulsory) and any other TWO Questions:

Exam Duration: - 2 hrs.

Q1.

Law refers to a set of rules or principles that govern the conduct of affairs in a given community at a given time, whereby machinery is provided for aggrieved party to enforce his rights in case any of these rules or principles is broken. These laws are the totality of rules which are enforced by the courts in the course of their daily work in dispensing justice. The sources of these laws is provided in Section 3 of the Judicature Act (Cap 8) of the laws of Kenya.

- (a) Discuss the characteristics of laws and evaluate purposes of laws in an agri-business environment. *(15 marks)*
- (b) Explain the various Jurisdictional powers courts have in dealing with cases and suits. *(10 marks)*
- (c) Briefly examine the five circumstances under which Section 3 (2) of the Judicature Act recognizes African Customary Law as a source of law in Kenya. *(5 marks)*

Q2. *Qui facit alium facit per se* means, "He who does through another does by himself". Agency exists whenever a person can bind another by acts done on his behalf i.e. when acted upon by the agent, it is a connecting link between the principal with third parties.

Critically analyse the duties an agent must uphold when conducting the business of the principal. (20 marks)

Q3. The case of *Solomon vs. Solomon & co Ltd* illustrated how Juridical or Artificial persons acquire legal personality when they are incorporated into corporation.

(a) Explain the concept of legal personality (6 marks)

(b) Discuss the characteristics of a Body Corporate/ Corporation (14 marks)

Q4. Under the law of Agency, **Ratification** means subsequent acceptance by the principal in respect of an acts done by the agent without authority. It is subsequent adoption and acceptance of an act originally done without authority or instructions.

(a) What is the effect of ratification? (2 marks)

(b) Evaluate the Essential Elements of a valid agency by ratification. (18 marks)

Q5. The law of persons provides different aspects and procedures on how a limited liability company and a partnership operate.

(a) Briefly explain circumstances when compulsory winding up of a company can be ordered by the court (6 marks)

(b) Discuss the main differences between an limited liability company and a partnership (14 marks)